

Delaware Health Resources Board
Christiana Care Health System PMRI and HCCC Review Committee Meeting Minutes
Tuesday, December 19, 2017 10:00 AM
Thomas Collins Building
540 South Dupont Highway Dover, DE 19901
DDDS First Floor Conference Room 106

Review Committee Members Present:

Leighann Hinkle Chair, Ted Becker and Dennis Klima

Staff Present:

Joanna Suder and Latoya Wright.

Call to Order and Welcome

The meeting of the Review Committee for Christiana Care Health System (Christiana Care) was called to order at 10:05 a.m.

Review of the Christiana Care Preventive Medicine and Rehabilitation Institute (PMRI) and Health Care Center (HCCC) Renovation/Consolidation Applications

It was stated that on October 17, 2017, Christiana Care submitted two Certificate of Public Review applications to consolidate and renovate their PMRI and HCCC facilities. The capital expenditure for the PMRI is \$8.2 million and the capital expenditure for the HCCC facility is \$7.5 million. Both public notices were posted on November 9, 2017. There were no requests for a public hearing on either application. The review period is 90 days with a Board decision by February 7, 2018.

The Review Committee reviewed both applications along with the Internal Staff Analysis document.

Project Summary and Background Information

Christiana Care is proposing to renovate and consolidate their PMRI facility known as Pelleport, in Greenville as well their HCCC facility located in Newark, DE. Both proposals will consolidate existing outpatient physician offices into each building. The PMRI facility currently offers weight management, pulmonary rehabilitation, nutrition services, laboratory services and physical therapy. The PMRI facility is in need of a significant infrastructure investment. For example, the heating, ventilation, and air conditioning system has reached end of life and is beyond repair. This makes it difficult to obtain comfortable temperatures for their patients. The infrastructure work will require a temporary suspension of services in this building. Christiana Care is taking this opportunity to not only improve the infrastructure, but also to consolidate other nearby Christiana Care outpatient physician offices to better meet the health care needs of their community. Christiana Care will create a multidisciplinary ambulatory health facility that will offer their patients more convenient access to care in a “one-stop shop” setting.

The Review Committee discussed the temporary suspension of services in the PMRI facility during the renovation process. A follow up question was sent to Christiana Care for clarification on where patients will receive services during this process.

When the PMRI building re-opens in late 2018, the following services will be included:

- Primary Care (relocated)
- Women's Health (relocated)
- Cardiology (relocated)
- Cardiac Rehabilitation (relocated)
- Laboratory Services (currently in PMRI)
- Nutrition Services (currently in PMRI)
- Pulmonary Rehabilitation (currently in PMRI)
- Physical Therapy (currently in PMRI)

Christiana Care states having these services in one building will benefit the patient population by increasing quality and access. Patients will be able to access primary care, specialty care, and ancillary services all in the same visit without leaving the building. For example, if a patient's cardiologist orders lab work, the patient can go get his or her blood drawn during the same visit. Co-locating these services will also enable more collaboration amongst the primary care doctor and the specialists. The providers will be able to work closely together and decide on the best care plan for the individual patient.

The PMRI property was donated to Christiana Care under the will of the late Eugene du Pont. The Chancery Court has approved Christiana Care's petition to use \$5,500,000 from the Building Fund to pay for the construction and maintenance costs associated with the relocation of additional physician practices to the Pelleport site that are consistent with and related to the preventive medicine and rehabilitation goals of the PMRI.

The HCCC facility currently offers eye care, imaging, laboratory services, cardiac rehabilitation, rehabilitation services, and a medical aid unit. The HealthCare Center at Christiana facility was built over 30 years ago and is in need of an investment in infrastructure. The services below will be impacted by this project:

- Eye Care (relocated within HCCC)
- Neurology (relocated)
- Cardiology (relocated)
- Primary Care (relocated)

The goal is to transform the HCCC facility into an ambulatory center by having primary care, specialty services, ancillary, and urgent care all in one facility. The close proximity of services

will allow for better quality of care since it will enable formal collaboration amongst providers and will offer additional space for virtual health and team-based care.

Review Considerations

The Review Committee reviewed the following criteria for the proposals to determine whether the application meets or does not meet each criterion.

Criterion I: The relationship of the proposal to the Health Resources Management Plan (HRMP)
The seven guiding principles were discussed as it relates to the HRMP.

Principle 1: Applications should demonstrate consideration of access, cost, and quality of care issues: The proposals will provide convenient access to primary care and the specialty services offered in this location. By having primary care and specialty services centrally located, patients going to their primary care provider will easily be able to see their cardiologist, neurologist or women's health provider as well. This will avoid the patient having to make multiple trips to different facilities.

Principle 2: Applicants are expected to contribute to the care of the medically indigent: Christiana Care provides services regardless of ability to pay and provided in excess of \$10.6 million in indigent care in FY16.

Principle 3: Projects should support a managed, coordinated approach to service healthcare needs: Consolidating outpatient physician offices into a centrally located building eliminates silos and allows for integration of services. Having their providers physically located in the same facility will allow collaboration to enable the best patient care. For example, the cardiologist and primary care physician will be able to coordinate care for the patient and discuss the best options for that particular patient and his or her needs.

Principle 4: Availability of out-of-state resources: Not applicable

Principle 5: Discourage incentives for over-utilization: Not applicable

Principle 6: Projects enhancing meaningful markets are to be encouraged: Christiana Care will not be adding any additional services or expanding any existing services, so this will not impact the competitive landscape in the community. Outpatient services are already competitive and the proposed project will continue to enhance meaningful markets. There are other existing medical services in the community providing similar services and this project will continue to foster competition.

Principle 7: Projects improving the health status of Delawareans are essential: Many other healthcare systems throughout the country are moving towards this big box approach to healthcare because of the benefits to the patients. Christiana Care's investment in this project demonstrates their commitment to bettering healthcare for Delaware residents and keeps up with

current standards of care for the community. This new healthcare model allows for improved health through care coordination, enhanced collaboration, and improved access.

The Review Committee discussed the concerns of the proposals as it pertains to the consolidation of the physician offices. It was stated the proposals would increase the overall cost of health care for the State of Delaware (SOD) Group Health Insurance Plan (GHIP) and to its members. Consolidating the physician's practices into one building will ultimately increase costs due to the co-location of the physician offices and lab radiology services. Hospital owned labs and radiology services are more costly than freestanding (non-hospital owned) facilities. It was stated there would be higher out of pocket copays. Members of the GHIP currently have an incentive (lower copay) for utilizing freestanding non-hospital based facilities for high tech radiology (PT, MRI). The Review Committee discussed the patients that may utilize the labs at Christiana Care. This information was not readily available in the application. It was noted this information would be helpful before voting on this criterion. A follow up question was sent to Christiana Care requesting the number of patients that utilize their PMRI and HCCC labs.

Leighann will provide data related to the SOD GHIP and copay data before the next meeting.

The Review Committee will wait for the additional information before voting on criterion I.

Criterion II: The need of the population for the proposed project

The application states, there is a need to provide Christiana Care's communities with a one-stop shop approach to healthcare, where multiple services are combined into one facility. Bringing one-stop shopping to the community improves the continuity of care, patient experience, access to care, and eliminates waste. Currently there are no other providers in the community providing this approach and the majority of community providers are private practices. As a healthcare system, Christiana Care is just starting to facilitate this new model of care.

As the population ages, it will become harder for patients to travel to their doctor's appointments and transportation. Traveling to appointments requires more logistical planning. These one-stop shop ambulatory centers allow for easier access and patients can make just one trip to see multiple providers. Additionally, the PMRI facility is also in a convenient location, on a bus route, allowing for people in the city of Wilmington and surrounding areas to visit the site. Christiana Care's primary service area, based on patient origin analysis is New Castle, County.

By consolidating the physician offices into one building, patients can avoid making additional doctor appointments and can see a physician in the same building. The Review Committee discussed the consolidation of physician offices contributing to the continuity of care as well as improving the quality of care by consolidating services into a "one stop shop", however it was discussed, the increasing costs to the SOD GHIP is a concern..

The Review Committee agreed the application meets criterion II with a 2:1 vote.

Criterion III: The availability of less costly and/or more effective alternatives to the proposal, including alternatives involving the use of resources located outside the state of Delaware.

The application notes, for primary care, there are essentially no other providers in the immediate area of the PMRI building. The closest primary care provider is a few miles away, towards the city of Wilmington. Some of the community-based providers in this area have started to provide a concierge model of practice. Christiana Care is the only provider in this community for cardiac and pulmonary rehabilitation. In terms of cardiology and women's health, there are a very small number of private practices in the surrounding community. However, none of these private practices offers multi-disciplinary services to their patients and PMRI would be the only option for an ambulatory center in the surrounding area. Christiana Care states there would be no impact on other providers because these services already exist and are already highly utilized. This project is not intended to grow Christiana Care's outpatient services. The provision of service would cost the same to the insured patient regardless of the provider.

The Review Committee discussed the possibility of utilization of services increasing, which would affect the costs. The Review Committee will wait for the additional information as it pertains to the number of patients that utilize the lab services before voting on criterion III.

Criterion IV: The relationship of the proposal to the existing health care delivery system.

Christiana Care is a regional provider that serves the emergency, inpatient, outpatient care and general medical needs of its patients. This project will not affect the existing providers in the market because it is not a growth strategy as we are only consolidating multiple facilities to meet the current standards of care.

Referral Arrangements

There will be no change to the continuity of care and patient referral patterns will remain the same. Patients always have a choice of providers. For example, if a patient needs to see a cardiologist, Christiana Care will provide them with a list of all the cardiologists in the community, but ultimately it is the patient's decision. Insurance coverage also plays a role in the decision.

The Review Committee noted, under this proposal model, it is more likely that a patient will go to the lab at Christiana Care if lab work is needed because it is right down the hall. The Review Committee inquired about the number of members in the GHIP, New Castle County and the number of patients that utilize the PMRI and the HCCC labs. Additional follow up of this information is needed and the data will be available before the next Review Committee meeting.

The Review Committee will wait for this information before voting on criterion IV.

Criterion V: The immediate and long-term viability of the proposal in terms of the applicant's access to financial, management and other necessary resources.

Christiana Care continually strives to be a great place to work by appealing to a diverse employee population, offering competitive pay and flexible scheduling options for Work Life Balance programs. Christiana has 11,308 employees and 1,379 volunteers that contributed 78,901 volunteer hours. With turnover and vacancy rates lower than the national average, and an average length of service of 11 years, Christiana Care has been able to attract and retain the health manpower needed.

Schedule 7 in the application ‘Changes in Staffing’ illustrates the impact upon staffing by personnel category for the first year of operation following completion of the project.

The Review Committee agreed the application meets criterion V.

Criterion VI: The anticipated effect of the proposal on the costs of and charges for health care.
In the first full year of operation, the project will increase Christiana Care Health Services

The application for the proposed project includes the following projected costs during its first full year of operations:

<u>PMRI</u>	<u>HCCC</u>
Financial Impact (first full year of operations):	
Estimated effect on annual expenses: \$ (69,874)	\$ (295,602)
Estimated effect on annual revenue: \$0	\$0
Estimated effect on individual charges: \$0	\$0

In the first full year of operation, the PMRI and HCCC will increase Christiana Care Health System operating revenues and expenses by \$0 and \$ (69,874) and \$ (295,602) respectively.

The projected first year operating revenue reflects patient volume remaining the same for the services, current governmental reimbursement, existing contracts with private payers, and continued provisions of uncompensated care. The following provides detail related to the impact upon expenses for the first year of operation:

<u>PMRI</u>		<u>HCCC</u>	
Salaries	\$0	Salaries	\$0
Fringe Benefit	\$0	Fringe Benefit	\$0
Supplies	\$0	Supplies	\$0
Depreciation	\$377,886	Depreciation	\$411,183
Ancillary	\$0	Ancillary	\$0
Reduction in Lease	\$ (447,760)	Reduction in Lease	\$ (706,785)
Total	\$ (69,874)	Total	\$ (295,602)

- Salary, wages, and fringe benefits are reflective of the patient care and support services staff necessary to accommodate the increase in related services. Please refer to Schedule 7 “Changes in Staffing” for complete details.
- The depreciation expense is derived from the equipment and construction outlays related to the project.

The Review Committee discussed the present and future volume of the health care services provided in the proposals. Schedule 3 of the application projects the present and future volume of

services remaining the same, however it was noted, that if there is more utilization this could potentially change the volume.

Leighann provided the following statistics from the State Employee Benefits Committee (SEBC):

The average costs for the SOD GHIP non-Medicare members for lab services at freestanding sites is \$70 vs hospital is \$154. The average costs for the SOD GHIP non-Medicare members for radiology services at freestanding sites is \$453 vs hospital is \$1,249. This data is based on current claims and may/may not change if rerun on 7/1/18.

The current copay for GHIP members for high tech radiology is \$0 for freestanding and \$35 for hospital.

Effective 7/1/18, the copay for high tech radiology is \$0 for freestanding and \$50 for hospital; the copay for basic radiology is \$0 freestanding and \$35 hospital; the copay for lab is \$10 at freestanding and \$20 at hospital. Member copays will increase.

It was discussed that consolidating the physician practices and the co-location of lab services for the PMRI and HCCC facilities will increase the costs of care to the SOD's GHIP. These proposals are counter to the efforts of the SEBC's initiative and the State's Health Care Benchmark initiative to support changes in policies and legislation to help reduce the cost of health care in Delaware.

The Review Committee will wait for additional follow up data before voting on criterion VI.

Criterion VII: The anticipated effect of the proposal on the quality of health care.

Christiana Care is certified by Medicare and Medicaid. They are also accredited by the Joint Commission on Accreditation of Healthcare Organizations. Both proposals will offer improvement in the delivery of services and promote a continuum of care.

The Review Committee agreed the application meets criterion VII.

Next Steps

Staff will send the follow up questions to Christiana Care. Leighann will provide data for the State of Delaware GHIP. There will be another Review Committee meeting scheduled in which the Committee should vote on each criterion and both proposals. It is anticipated that the Board will vote on both applications at the January 25, 2018 Health Resources Board meeting.

Adjourn

The meeting adjourned at 11:15 a.m.

Guests Attended

Erin Goldner
Lauren Becher

Hope Street Substance Recovery
Christiana Care